Tax structure for FPI

*42. SHRI JESUDASU SEELAM :
DR. T. SUBBARAMI REDDY :

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state :

(a) whether in view of high level of wastage and very low value addition in farm products, the Prime Minister has called for rationalization of tax structure of the food processing industry;

(b) whether this move would transform the rural economy;

(c) whether in view of the fact that primary agricultural commodities are mostly exempted from taxes and processed foods are subjected to multiple levies, there is an urgent need to rationalize and simplify the tax structure; and

(d) whether Government proposes to introduce single law to cover food processing sector?

THE MINISTER OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY) : (a) Yes, Sir. The Prime Minister in the Conference of State Food Processing Ministers and other stake holders, held on 06 Oct. 2009, observed that we need to look at the taxation structure in the industry. Though primary agricultural commodities are mostly exempted from taxes, processed foods are subjected to multiple levies. There is, therefore, an urgent need to rationalize and simplify that tax structure.

The level of wastage of agricultural food items is estimated to be about Rs. 50,000/- crores occurring at various stages of handling after harvesting due to fragmented farming, provisions in Agricultural Produce Marketing (Development & Regulation) Act, lack of adequate post-harvest infrastructure such as lack of cold chain facilities, transportation, proper storage facilities etc. The loss due to wastages could be reduced by promoting the development of food processing industries, strengthening of post - harvest infrastructure and filling the gaps in the supply chain. However, there has been increase in substantial rate of growth of the food processing industry from 7% in 2003-04 to 13.14% in 2006-07 and the increase in total investment in food processing sector to 40,000 crores in 2006-07 has contributed to reduction of wastages and better value addition.

(b) Yes, Sir. The food processing sector is an important sector for generation of jobs for the rural population. The food processing units generate significant employment opportunities both in creating direct and indirect employment as large number of labour industry from landless labour to highly skilled functionaries is required. Food processing industry is employment intensive. It is estimated that for every Rs. One Crore invested, it creates 18 jobs directly and 64 jobs indirectly in the organized sector and 20 jobs in the unorganized sector across the supply chain. Direct employment provided during the last five years has grown from 3.9 million to 4.4 million and indirect employment has grown from 6 mllion to 9 million.

(c) Yes, Sir. There is an urgent need to rationalize and simplify tax structure which is easy to administer and compliance. This would encourage food processing sector. Besides rationalization and simplification certain other measures like Tax Holiday will benefit the food processing sector. Such tax holiday already exists under the income Tax Act 1961 and as per provisions of Sub-Section 11(a) of Section 80-1b of the Income Tax Act a deduction from profits upto specified amounts is allowed in the case of an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables. The Finance (No. 2) Bill, 2009 proposes to also extend investment-linked tax incentive by way of insertion of a new section 35AD in the Income Tax Act, 1961 to the business of setting up and operating cold chain facilities for specified products and to the business of setting up and operating warehousing facilities for storage of agricultural produce.

(d) Yes, Sir. Integrated Food Law *i.e.* Food Safety and Standards Act, 2006 has been notified on 24.8.2006. The act will enable in removing multiplicity of food laws and regulatory agencies and will provide single window to food processing sector. Ministry of Health & Family Welfare is the nodal Ministry of administration and implementation of the Act.

Allocation for National Nutrition Mission

*43. SHRI MOINUL HASSAN : Will the Minister of WOMEN AND CHILD DEVELOPMENT be pleased to state :

(a) The budgetary allocation for the National Nutrition Mission for the year 2002-03 and 2009-10;

(b) whether Government is aware that if women are made healthy, children, the future of our country, would be bright and healthy; and

(c) if so, the reasons Governmentus failure to treat the National Nutrition Mission in priority sector?

THE MINISTER OF STATE OF THE MINISTRY OF WOMEN AND CHILD DEVELOPMENT (SHRIMATI KRISHNA TIRATH) : (a) to (c) The Government accounts high priority to overall issue of malnutrition, and, particularly, in respect of children, adolescent girls and women. With this in view, Government has universalized ICDS scheme *w.e.f.* December, 2008 with increased budgetary allocation in 2009-10 for expansion of Anganwadi centres as well as for higher nutritional norms for providing supplementary nutrition to the children below 6 years of age and pregnant and lactating mothers. There is also a proposal to universalize the scheme for empowerment of adolescent girls by merging the existing schemes of Kishori Shakti Yojana (KSY) and Nutrition Programme for Adolescent Girls (NPAG). Besides, there are other programmes such as National Rural Health Mission (NRHM), Mid-day Meal, Rajiv Gandhi Mission for Drinking Water and Total Sanitation Campaign etc. which are being implemented and these impact on improving the nutritional status.

A National Council on Indiaus Nutrition Challenges under the Chairmanship of Prime Minister has been consituted in October 2008 for giving policy directions and for reviewing & achieving effective coordination amongst various programmes.

A Budget provision of Rs. 1.00 crore was made for the year 2002-03 and 2009-10.